

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
(San Francisco Division)

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

VIPER CAPITAL MANAGEMENT, LLC, et. al,

Defendants.

and

COMPASS WEST FUND, et al.,

Relief Defendants.

In re:

EDWARD SEWON EHEE,

Debtor.

In re:

COMPASS FUND MANAGEMENT,

Debtor.

In re:

COMPASS WEST FUND L.P.,

Debtor.

Nos. C 06-06966 SI; 06-07270 SI and
C 07-02507 SI; C 07-02508 SI; C 07-2509 SI

JOINT STATUS REPORT

Date: July 13, 2007

Time: 2:30

Judge: Susan Illston

Courtroom: 10

JOINT STATUS REPORT CONCERNING BANKRUPTCY MATTERS

The parties-in-interest to this bankruptcy case hereby offer the following Joint Status Report on the progress of their efforts at a consensual resolution of the issues pending in the Bankruptcy cases. The pending issues include: (1) Petitioning Creditor AAG Roosevelt Fund, L.P.'s ("Roosevelt") Motion for Joint Administration; (2) Edwon Sewon Ehee's Motion for Order Authorizing Filing of Homestead Declaration (the "Homestead Motion"); and (3) a variety of issues related to the pending contested involuntary proceeding against Edwon Ehee, including many that are anticipated but not the subject of any pending motions. Each issue, or set of issues, is addressed below.

1. Motion for Joint Administration

When this Court entered the order withdrawing the reference to the Bankruptcy Court, and ordered that pleadings be filed with one caption, it did not address the chief concern of Roosevelt that there would be a duplication of efforts in the administration of multiple parallel cases. Roosevelt, at this time only seeks that this Court designate Case No. 06-06966 as the lead case so that any future filings only need to be filed under that case number. Further, Roosevelt requests that the Court clarify the correct caption for these cases. However, as to the remainder of the relief sought in Motion for Joint Administration, Roosevelt does not believe any further orders are necessary in light of the current status of these cases and accordingly withdraws its motion without prejudice to its right to seek future relief, including to request substantive consolidation.

2. The Homestead Motion

Despite discussions concerning the possible consensual resolution of the issues, Roosevelt and Ehee have not been able to reach an agreement and thus the parties anticipate that the motion will need to be heard on a contested basis.

1 **3. Bankruptcy Cases Generally**

2 The parties are continuing their discussions with regard to the bankruptcy cases generally,
3 including issues that the parties anticipate may arise in connection with those cases but that are not
4 yet formally before the Court. On Friday, July 6th, the parties participated in a telephone conference
5 with Magistrate Zimmerman and another session has been scheduled for July 27, 2007. Attorney
6 Wood, on behalf of the Debtor Edward Ehee, and Attorney Pedone, on behalf of petitioning creditor
7 Roosevelt, are in the process of attempting to draft a settlement, which would be subject to approval
8 by this Court, that would not be inconsistent with Mr. Ehee's proposed settlement with the Securities
9 and Exchange Commission. As the document is prepared they anticipate consulting with the other
10 parties-in-interest to facilitate a consensual resolution.
11

12 In light of the fact that: (i) the injunction obtained by the SEC remains in place, (ii) Ehee's
13 settlement with the SEC appears to be moving forward, and (iii) global settlement discussions appear
14 as though they may be fruitful, the parties do not wish to proceed with the scheduling of a trial
15 regarding entry of orders for relief against Mr. Ehee or Compass Fund Management at this time. If
16 the settlement process ceases or proves unsuccessful, Roosevelt and Ehee reserve their rights to seek
17 appropriate relief.
18

19
20 Dated: July __, 2007

Respectfully Submitted,

NIXON PEABODY LLP

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22
23 By: _____/s/
24 RICHARD PEDONE
25 PAUL J. BYRNE
26 Attorneys for Creditor,
27 AAG Roosevelt Fund, L.P.
28

1 /s/
2 JOHN S. YUN
3 XAVIER CARLOS VASQUEZ
4 44 Montgomery Street, Suite 1100
5 San Francisco, CA 94104
6 (415) 705-2321
7 Fax: (415) 705-2501
8 yunj@sec.gov
9 vasquezc@sec.gov

6 Attorneys for Plaintiff,
7 Securities & Exchange Commission

8 /s/
9 JAMES D. WOOD
10 3675 Mount Diablo Boulevard, Suite 250
11 Lafayette, California 94549-3775
12 (925) 284-9663
13 Fax: (925) 283-9663
14 Email: jdwood@jdwoodlaw.com

12 Attorney for Debtor,
13 Edward Sewon Ehee

15 /s/
16 ISMAIL JOMO RAMSEY
17 Ramsey & Ehrlich LLP
18 803 Hearst Avenue
19 Berkeley, CA 94710
20 (510) 548-3600
21 Fax: (510) 548-3601
22 izzy@ramsey-ehrllich.com

19 Attorneys for Defendants,
20 Viper Capital Management, LLC
21 Compass Fund Management, LLC
22 Edward Sewon Ehee

/s/

THOMAS B. MAYHEW
Farella Braun & Martel
235 Montgomery Street, 30th Floor
San Francisco, CA 94104
(415) 954-4400
Fax: (415) 954-4480
tmayhew@fbm.com

ARTHUR S. GREENSPAN
Richards Kibbe & Orbe LLP
One World Financial Center
New York, NY 10281
(212) 530-1816
Fax: (917) 344-8816
agreenspan@rkollp.com

Attorneys for Relief Defendant,
Robert Ehee